

State of Nevada
Gaming Control Board

CPA MICS Compliance Checklist

Auditor's Name and Date

INTERNAL AUDIT

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's internal audit process is in compliance with the Internal Audit MICS.

Date of Inquiry	Person Interviewed	Position

Indicate the person(s) performing the Internal Audit function for the period under review: _____

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All "no" answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chairman has granted a MICS variation, a waiver has been granted pursuant to Internal Audit MICS #8, or the question requires a "no" answer for acceptability.
- 3) "(#)" refers to the Minimum Internal Control Standards for Internal Audit, Version 5.
- 4) Prior to completing this checklist, determine whether any requirements have been waived in accordance with MICS #8.

Miscellaneous Items from the Guidelines for the Internal Audit Checklists (paraphrased from the guidelines)

- 1) For new licensees that have been in operation for three months or less by the end of their business year, performance of these internal audit procedures is not required for the partial period.
- 2) The checklists used by the internal auditors must be identical to those originally issued by the Board. Photocopies may be used. If their checklists are generated from Board-issued disks or their computer files, the format must not be altered (a change from portrait to landscape is not considered a change in format). When modifying checklists due to regulatory changes or the additions of explanatory notes, the acceptable method is to note the change following the question/procedure. Although hard copies of the checklists are expected to be provided, the Board may grant approval for other formats.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Has the licensee's written system of internal control for internal audit been read prior to the completion of this checklist to obtain an understanding of the internal audit process?				

Verified per representation.
Verified per observation/examination.

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<u>Internal Audit Procedures</u>				
<p>2. Does the licensee maintain an independent internal audit department whose primary function is performing internal audit work and who is independent with respect to the departments under audit? (1)</p> <p>Note 1: An independent accountant is considered acceptable in lieu of an independent department provided all required standards are met. (Note after 1)</p> <p>Note 2: The answer to question 1 should be yes if a single licensee had gross gaming revenue in excess of \$10 million for the 12 months ended June 30th; <u>or</u> two or more licensees with essentially common ownership and/or management that had combined gross gaming revenue in excess of \$10 million for the 12 months ended June 30th (in such cases, a single internal audit department for the combined properties is adequate). (1)</p>				
<p>3. For licensees who are not required to maintain a separate internal audit department, are personnel who perform internal audit work independent with respect to the departments/procedures being examined? (2) Indicate the job positions of the individuals performing the work.</p>				
<p>4. Are the following Internal Audit Compliance Checklists, and all associated CPA MICS Compliance Checklists, completed as applicable to the operation: (3)</p> <p>Note: The CPA MICS Compliance Checklists are completed in conjunction with the applicable Internal Audit walk-through procedures as denoted in the internal audit compliance checklist.</p>				
<p>A review of each checklist is required to determine that all procedures have been completed for the indicated period. For each checklist, indicate the review period of the checklist reviewed and the results of the review.</p>				
<p>a) Slots – General Walk-through Procedures, Drop and Count Walk-through Procedures and Testing Procedures once in each six-month period, not in consecutive months?</p>				
<p>b) Table Games – General Walk-through Procedures, Soft Drop and Count Procedures and Testing Procedures once in each six-month period, not in consecutive months?</p>				
<p>c) Card Games – Walk-through Procedures and Testing Procedures once per year?</p>				

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d) Keno – Walk-through Procedures and Testing Procedures once per year?				
e) Bingo – Walk-through Procedures and Testing Procedures once per year?				
f) Race & Sports – Walk-through Procedures and Testing Procedures once per year?				
g) Pari-Mutuel – Walk-through Procedures and Testing Procedures once per year?				
h) Entertainment – Walk-through Procedures and Testing Procedures once per year?				
i) Cage & Credit – Walk-through Procedures and Testing Procedures once per year?				
j) Information Technology – Walk-through Procedures and Testing Procedures once per year?				
k) Miscellaneous Regulations – Walk-through Procedures and Testing Procedures once per year?				
l) Branch Office Visits – Walk-through Procedures and Testing Procedures once every other year?				
5. Is documentation (e.g., checklists, audit programs, reports, etc.) prepared to evidence all internal audit work performed as it relates to these requirements? (4)				
6. Are the results of internal audit work reported to the audit committee, if applicable, senior management (i.e., to a level higher than the controller), or to ownership personnel who are independent of the departments under audit? (MICS #6 and the Guidelines for the Internal Audit Checklists) Examine the licensee's reports or other evidence that the results were communicated. Indicate the manner in which results are communicated and to whom the results are presented.				
7. Are all exceptions resulting from internal audit work investigated and resolved, with the results of such being documented and retained for five years? (5) Review a sample of the noted exceptions resulting from internal audit work and determine whether the noted exceptions have been investigated and resolved.				

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8. In addition to the observations and examinations described in question 4 above:				
a) Are follow-up observations and examinations performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, the Board and/or the independent accountant? (7)				
b) Is such verification performed within six months following the date of notification? (7)				
<u>Written System of Internal Control</u>				
9. Has the licensee's written system of internal control for internal audit been re-read prior to responding to the following question?				
10. Does the written system of internal control for internal audit reflect the actual control procedures in effect for compliance with the MICS and variations from the minimum internal control standards approved pursuant to Regulation 6.090(8)? [Regulation 6.090(13)]				

Verified per representation.
Verified per observation/examination.